

COMMONWEALTH OF VIRGINIA
DEPARTMENT OF HUMAN RESOURCE MANAGEMENT

Benefits Administrator Memo #01-11

To: Benefits Administrators
From: Charles S. Reed, Associate Director
State and Local Health Benefits Programs
CC: All OHB
Date: June 28, 2001
Re: Health Benefits Program Policy Changes for July 1, 2001

A number of revisions to the Health Insurance Manual (HIM) will become effective on July 1, 2001. Brief summaries of the policy changes are shown below. Policy details will be included in the revised version of the HIM, which we expect to distribute this summer.

Paying Premiums

Beginning July 1, the plan year for pre-tax (Premium Conversion) or after-tax payment of premiums will be the same as the fiscal year for health plans (July 1 – June 30). Previously, the Premium Conversion plan year was Jan. 1 through Dec. 31.

Because of the plan year shift, there will be a change in the time period when employees may choose to pay their health benefits premiums either pre-tax or after-tax. Employees will now make this selection during the spring annual Open Enrollment period, and may also decide at that time to waive coverage. Once an employee elects pre-tax or after-tax payment of premiums, that election is effective throughout the fiscal year, from July 1 through June 30 of the following year, and is binding until the employee takes action to change it during a subsequent Open Enrollment.

Membership

Married Double State

Two state employees who are married to each other have new options for coverage beginning July 1, 2001. However, they may change membership only on or after July 1 with a qualifying mid-year event.

If the employees are:

- 1) **Married to each other, and wish to cover themselves and one or more children**, they are eligible for, and may enroll in:
 - ***Family -- Both Spouses State Employees (Double State)***. A special state contribution applies to the premiums for the health benefits plan selected under the Double State membership. The employee, spouse, and child or children must be enrolled together under the same health benefits plan to receive the special state contribution. As you know, there is a process where each agency must certify eligibility.
 - Separate health plans at any membership level (***Single, Employee Plus One*** or ***Family***). While each employee may now enroll in a separate plan, both parents may not cover the same child as a dependent.
- 2) **Married to each other with no children**, they each may choose ***Single*** membership or be enrolled together in ***Employee Plus One***. When enrolled in two ***Single*** memberships, they may select different plans.

Removing Dependents

An eligible dependent on an employee's health plan may be removed through a change in membership only during Open Enrollment or when consistent with a qualifying mid-year event (previously referred to as a life event – see page 3). When a Family membership will be maintained, eligible members may not be removed arbitrarily.

Reducing Membership or Waiving Coverage

Employees may not reduce membership or waive coverage without a qualifying mid-year event change, except during Open Enrollment. However, they may elect to enroll in Single membership from waived coverage at any time, with premium contributions paid on an after-tax basis.

Adding Dependents in Family Coverage

Employees with existing Family membership may add eligible dependents on a retroactive basis whether notification occurs before or after the expiration of the 31-day notification limit. The 31-day limitation applies to any change in membership based on a qualifying mid-year event. This is a continuation of existing policy. Addition of the eligible dependents can be made effective the first of the month after the qualifying mid-year event, regardless of the date of notification. (The only exceptions are birth, adoption or placement for adoption, where the effective date is the first of the month in which the event occurred.) *Please Note: The primary care physician (PCP) election will be on a prospective basis for persons added retrospectively beyond the 31-day window.*

Enrolling or Changing Membership

Prospective Effective Dates

The effective date of a change due to a qualifying mid-year event will be the month following the receipt of the enrollment form or confirmation in EmployeeDirect. Notice must be received within 31 days of the event. Please see “BAT” #4 for clarification of effective dates and exceptions to the prospective rule (birth or adoption, placement for adoption, termination of ineligible dependents) outlined in the Mid-Plan Year Election Changes distributed earlier with BA Memo #01-01. In cases where a dependent ceases to be eligible, coverage will terminate at the end of the month in which eligibility is lost, regardless of the notification date. If an employee provides notification to change membership within 31 days of the event, the employee may receive a refund for any overpayment of premium beyond the date when the premium should have been reduced.

New Hires

Coverage for a newly-hired employee is effective the first of the month after receipt of an Enrollment/Waiver form or confirmation of enrollment through EmployeeDirect, with one exception. If an employee is hired on the first working day of the month and the Enrollment/Waiver form is received that day, his/her coverage can begin on the first day of the month of hire.

Here are some examples:

Hire Date	Received Date	Effective Date
8/2 (first working day)	8/2	8/1
8/1	8/1	8/1
8/2 (first working day)	8/15	9/1
8/15	9/1	10/1
8/1	9/1	10/1

Qualifying Mid-Year Events

Revised List of Events

A new list of qualifying mid-year events will take effect on July 1. The term “qualifying mid-year event” encompasses status changes, life events and cost and coverage changes. It replaces the phrase “life event”. Qualifying mid-year events permit employees to make membership changes outside of Open Enrollment (see enclosed list of qualifying mid-year events). Employees may change plans outside of Open Enrollment when moving into or out of a plan’s service area, or if a Department of Social Services (DSS) order to cover a dependent necessitates a change in plan for the dependent to have coverage. An election change due to a qualifying mid-year event must be made within 31 days of the event.

Also note that the former life event of “gains or loses eligibility for a government-sponsored plan” (previously listed under “Changes in Employee’s Number of Eligible Dependents”) has been converted into two parts under the “Other Changes” heading.

As of July 1, a membership change is permitted if an employee or dependent:

- Gains or loses eligibility for Medicare or Medicaid, *or*
- Loses eligibility for another government-sponsored plan (for example, the Civilian Health and Medical Program of the Uniformed Services [CHAMPUS], or socialized medicine offered in foreign countries)

The revised list of qualifying mid-year events is included with this memo, and we are working on a chart to be placed on the DHRM Web site.

To review benefit changes for Key Advantage and Cost Alliance effective July 1, see the Key Advantage and Cost Alliance Member Handbook amendments sent to you previously and mailed this month to employees and non-Medicare retirees.

Flexible Reimbursement Accounts – Effective Dates

In the past, the effective date for a change to a Flexible Reimbursement Account was the first of the month following the event. Starting July 1, the effective date will be the first of the month following the receipt of an election form.

Retirees

For a summary of retiree policy and clarifications, please refer to the recent Benefits Administrator Memo on retiree policy (#01-09).

Additional Resources

Many of the changes for July 1 have been communicated earlier in Benefits Administrator Memos. In particular, please reference B.A. Memo #01-01 on Open Enrollment and Mid-Year Election Changes. Further clarification may be found in Benefits Administrator “Ticklers” or “BATs”, distributed in February and March of this year.

Enclosures:

Revised list of Qualifying Mid-Year Events

Qualifying Mid-Year Events

These events permit an election change outside Open Enrollment. Most allow you to change your membership level. If you have questions about these events, contact your Benefits Administrator.

Change in Employee's Employment Status

- Begins/ends full-time employment
- Begins/ends leave without pay
- Begins/ends family medical leave
- Begins Virginia Sickness and Disability Program long-term disability (not working)
- Begins retirement

Change in Employee's Marital Status

- Marriage, divorce or death of a spouse

Change in Employee's Number of Eligible Dependents

- Birth or adoption (Note: pre-adoptive placements may be approved under certain circumstances)
- Death of a covered child
- Covered child exceeds plan's age limit
- Covered child marries
- Court order to cover a child
- Spouse or covered child begins employment/spouse or eligible child ends employment
- Spouse or covered child begins/ends leave without pay
- Spouse or covered child begins/ends family medical leave
- Annual enrollment or change allowed under another employer's plan

Other Changes

- Moves in or out of a plan's service area
- Enrolls in single membership if previously waived coverage
- Gains or loses eligibility for Medicare or Medicaid
- Loses eligibility for another government-sponsored plan

Moving Out Of Your Plan's Service Area: You may change to another plan, but you may not change your membership, unless you also experience a qualifying mid-year event.